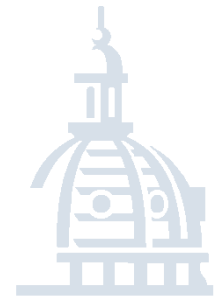


# Fiscal Note

*Fiscal Services Division*



**HF 603** – Exemption for Self-Pay Washers and Dryers (LSB1315HV)

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Fiscal Note Version – New

## Description

**House File 603** exempts the use of self-pay washers and dryers from sales and use tax.

## Assumptions

Assumptions include:

- Based on the Department of Revenue's sales and use tax receipts database, in FY 2014 there were 170 self-pay coin-operated commercial laundries and 101 self-pay noncommercial laundries (i.e., apartments, townhomes).
- The commercial laundries had taxable sales of \$12.6 million in FY 2014. Of those sales, 15.0% were from vending machines that will remain subject to sales tax if **HF 603** is enacted. The amount of taxable sales from commercial laundries that will be exempt from sales tax under **HF 603** is \$10.7 million.
- The noncommercial laundries had taxable sales of \$509,000 in FY 2014 that will be exempt from sales tax under **HF 603**.
- Growth in taxable sales is estimated to be 2.5% in FY 2015, 2.3% in FY 2016, 2.3% in FY 2017, 2.4% in FY 2018, 2.3% in FY 2019, and 2.3% in FY 2020.
- The statewide effective local option sales tax (LOST) rate is 0.87% of taxable sales.

## Fiscal Impact

In FY 2016, statewide sales tax receipts will decrease by \$704,000, including a reduction in General Fund revenue of \$587,000 and a reduction to the SAVE Fund of \$117,000. In addition, LOST receipts will be reduced by \$102,000. These amounts are estimated to increase in future fiscal years. The following table provides the estimated fiscal impact for FY 2016 through FY 2020.

Estimated Reduction in Revenues					
	Total Reduction in Sales Tax Revenue	Reduction in General Fund Revenue	Reduction to SAVE Fund	Reduction in LOST Revenue	
FY 2016	\$ 704,454	\$ 587,045	\$ 117,409	\$ 102,146	
FY 2017	720,656	600,547	120,109	104,495	
FY 2018	737,952	614,960	122,992	107,003	
FY 2019	754,925	629,104	125,821	109,464	
FY 2020	772,288	643,573	128,715	111,982	

SAVE = Secure an Advanced Vision for Education  
LOST = Local Option Sales Tax

**Sources**

Department of Revenue  
Laundry Association of Iowa

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/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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